

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-09 IO-13 ISO-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02
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FM AMEMBASSY STOCKHOLM

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INFO AMEMBASSY BRUSSELS

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY BONN

AMEMBASSY TOKYO

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

USMISSION MTN GENEVA

USMISSION OECD PARIS UNN

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UNCLAS STOCKHOLM 1789

E.O. 11652: N/A

TAGS: ETRD, SW

SUBJECT: REPEAL OF BYRD AMENDMENT

REF: STOCKHOLM 1622

1. STOCKHOLM DAILY, EXPRESSEN, IN AN EDITORIAL ON APRIL 25
QUERIED WHETHER REPEAL OF BYRD AMENDMENT WILL FORCE SWEDEN AND
OTHER COUNTRIES TO PAY A HIGH PRICE IN STAINLESS STEEL EXPORTS.

"WHY WAS THE US STEEL INDUSTRY SO KEEN TO FALL IN WITH THE
IDEA," THE EDITORIAL ASKS. "THE ANSWER IS THIS. CHROME

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IS ESSENTIAL FOR MAKING SPECIALTY STEELS. RHODESIA AND THE
REPUBLIC OF SOUTH AFRICA TOGETHER ACCOUNT FOR NO LESS THAN 80
PERCENT OF THE WORLD'S KNOWN CHROME RESOURCES. OTHER IMPORTANT
SOURCES FOR CHROME ARE THE SOVIET UNION, TURKEY, ALBANIA, THE
PHILIPPINES, AND FINLAND.

2. "THE US STEEL INDUSTRY HAD COME TO THE CONCLUSION

THAT THE UPHOLDING OF MORAL STANDARDS IN THIS CONTEXT COULD PAY OFF. AMERICAN TRADE PUBLICATIONS HAVE REPORTED THAT THE STEEL INDUSTRY BY LOBBYING HAD SOUGHT TO MAKE THE US BOYCOTT PROVISIONS WATERTIGHT. AS A RESULT, THE NEW LEGISLATION COVERS--IN ADDITION TO CHROME AND FERROCHROME--ALSO SPECIALTY STEELS WITH A CERTAIN CHROMIUM CONTENT. THAT CONTENT IS SET AT THREE PERCENT, WHICH MEANS THAT ALL PRODUCTION OF STAINLESS STEEL, HIGH-SPEED STEEL, AND MANY GRADES OF OTHER TOOL STEEL ARE AFFECTED.

3. "EXPORTERS OF THE AFOREMENTIONED KINDS OF SPECIALTY STEELS MUST BE ABLE TO PRODUCE EVIDENCE THAT THE CHROMIUM USED IN THEIR MANUFACTURE DOES NOT ORIGINATE IN RHODESIA. THEY MUST BE IN A POSITION TO PRODUCE DOCUMENTS FROM THOSE COUNTRIES WHICH HAVE SUPPLIED THE CHROMIUM, WHETHER IN THE FORM OF ORE, FERROCHROME OR METAL. THE US CUSTOMS MAY DISAPPROVE ANY DOCUMENTS PRODUCED THAT IT MAY NOT TRUST.

4. "SWEDEN IMPORTS SUBSTANTIAL AMOUNTS OF CHROMIUM ORE FROM THE SOVIET UNION, AND BUYS MORE FERROCHROME FROM THE REPUBLIC OF SOUTH AFRICA THAN FROM ANY OTHER SOURCE. TRADE SOURCES TAKE IT FOR GRANTED THAT THE SOVIET UNION IS IMPORTING CHROMIUM FROM RHODESIA THROUGH DUMMIES. THIS IS GOOD AND PROFITABLE BUSINESS, NOT ONLY BECAUSE THE RHODESIAN CHROMIUM ORE IS OF HIGH GRADE BUT IT MAY BE BOUGHT AT LOW COST DUE TO THE BOYCOTT.

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5. "WILL THE US AUTHORITIES ACCEPT THE SOVIET DOCUMENTS AS EVIDENCE? MOREOVER, CAN WE EXPECT THE RUSSIANS TO SUBMIT TO AMERICAN DICTATES BY ISSUING ANY CERTIFICATES AT ALL? FURTHERMORE, CAN CERTIFICATES OF ORIGIN ISSUED BY THE REPUBLIC OF SOUTH AFRICA BE TRUSTED? WHAT WILL THE SWEDISH STEEL INDUSTRY DO WITH ITS STOCKS OF FERROCHROME AND OTHER MATERIALS WHOSE ORIGIN MUST BE PROVED.

6. "THE MOVE TAKEN BY THE US COULD EFFECTIVELY SHUT OUT MORE THAN HALF OF SWEDEN'S SPECIALTY STEEL EXPORTS TO THE US MARKET, WORTH ABOUT SKR 300 MILLION ANNUALLY. JAPAN WOULD BE JUST AS HARD HIT. THE JAPANESE, IN THAT CASE, MIGHT CHOOSE TO DUMP THEIR SURPLUSES IN THE EUROPEAN MARKET. THE RESULT WOULD BE DEPRESSED SPECIALTY STEEL PRICES. AT THE SAME TIME, THE US STEEL INDUSTRY COULD, IN PEACE AND QUIET, HIKE ITS PRICES ON THE HOME MARKET.

7. "PRESIDENT CARTER FINDS HIMSELF IN QUITE A UNIQUE SITUATION. ALL PROGRESSIVE FORCES ARE APPLAUDING HIS DECISION. BLACK AFRICA HAS GIVEN ITS APPROVAL, AND THE US STEELMAKERS ARE SMILING COMPLACENTLY. IT IS NOTED THAT SWEDEN, EVER SINCE 1966, HAS TO THE LETTER FOLLOWED THE UN RESOLUTION ON RHODESIA. MUST WE NOT PAY FOR THE NEWLY AWAKENED WORLD CONSCIENCE OF THE US?"

8. COMMENT: 1) SIMILAR SUSPICIONS AND OBJECTIONS WERE FOUND IN AN ARTICLE IN VECKANS AFFARER, SWEDEN'S MOST PRESTIGIOUS WEEKLY BUSINESS MAGAZINE. 2) REFTEL RAISED QUESTION OF US CUSTOMS PROCEDURES IN ENFORCING REPEAL LEGISLATION. FOREGOING PRESS COMMENT UNDOUBTEDLY INSPIRED BY SWEDISH EXPORTERS IN ANTICIPATION OF SERIOUS DIFFICULTIES IN COMPLYING WITH LEGISLATION. 3) EMBASSY SEEKS CLARIFICATION FOR USE IN TALKS WITH UNCLASSIFIED

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Message Attributes

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